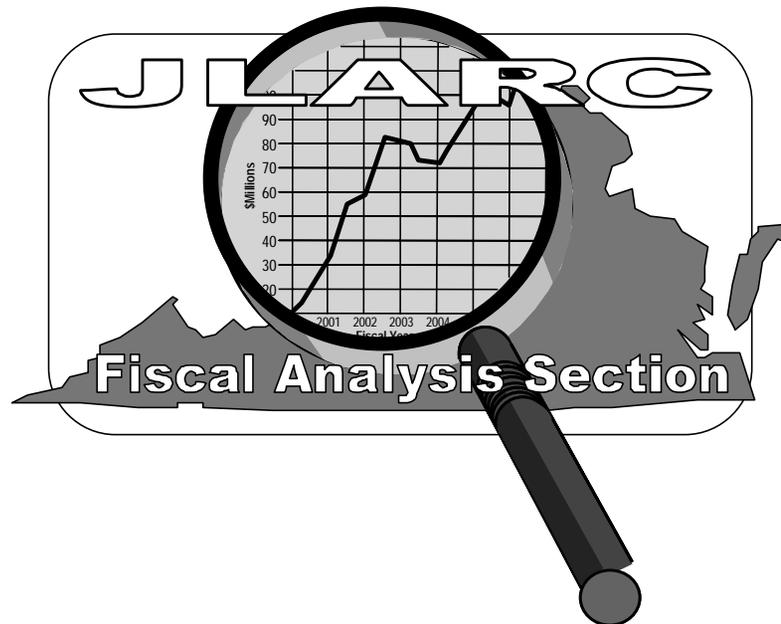


**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**



**Special Report:
Higher Education**

**Staff Briefing
Kimberly Sarte, Project Leader
November 12, 2002**

Study Mandate

- **Following the January 2002 JLARC *Review of State Spending*, JLARC directed staff to undertake a follow-up review focused specifically on higher education.**
- **In July 2002, JLARC further directed staff to address issues that could result in increased savings and efficiencies in higher education, including the closure of nonproductive degree programs and issues related to institutional structure.**

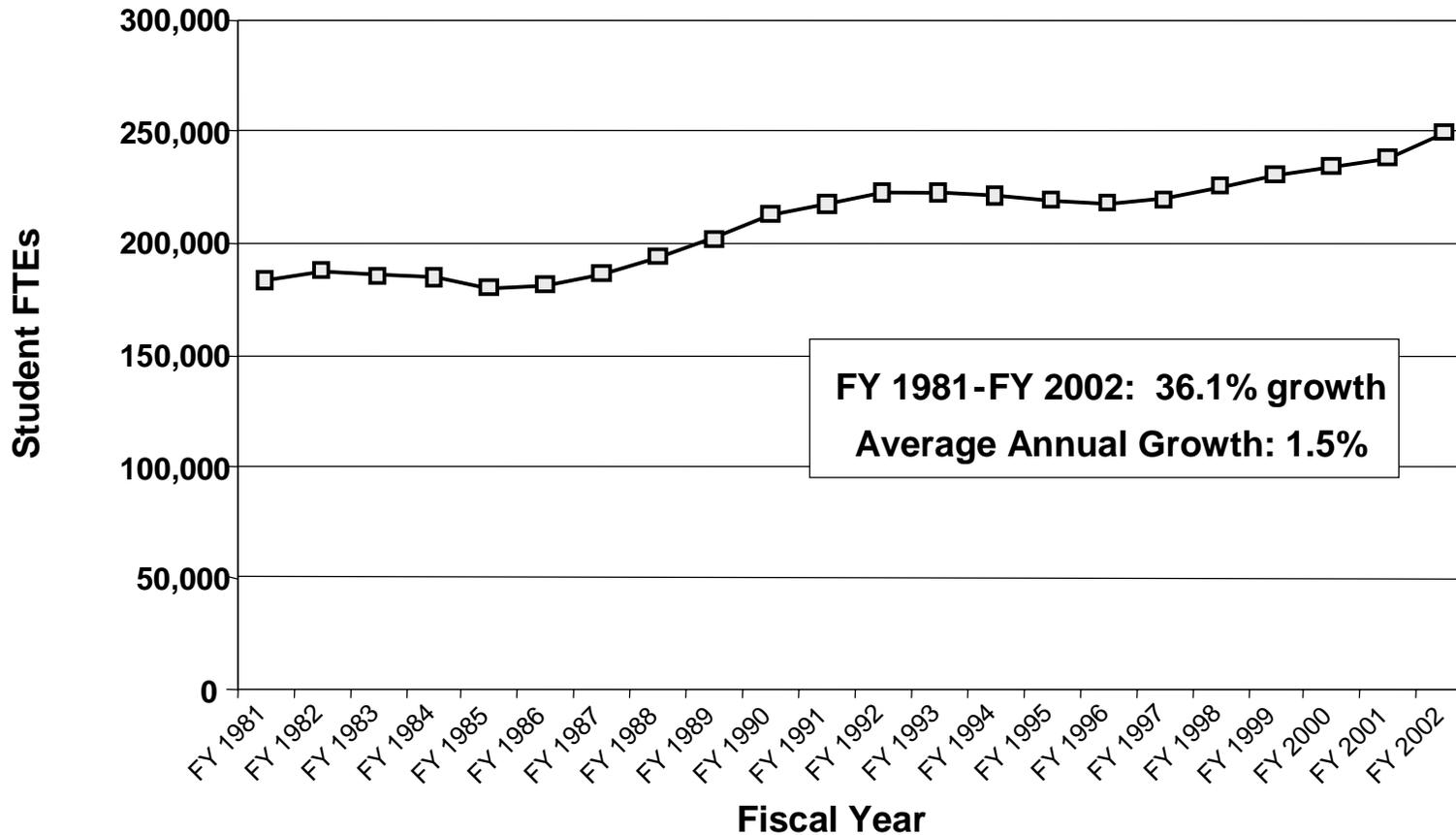
Presentation Outline

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- Spending Trends**
- Assessment of Opportunities for Savings and Efficiency in the Areas Reviewed**
 - **Special Purpose Research Institutes and Public Service Centers**
 - **Off-Campus Sites**
 - **Nonproductive Degree Programs**

Higher Education Enrollment Increased by 36% Between FY 1981 and FY 2002

**Public Higher Education Student Full Time Equivalents (FTE)
FY 1981-FY 2002**

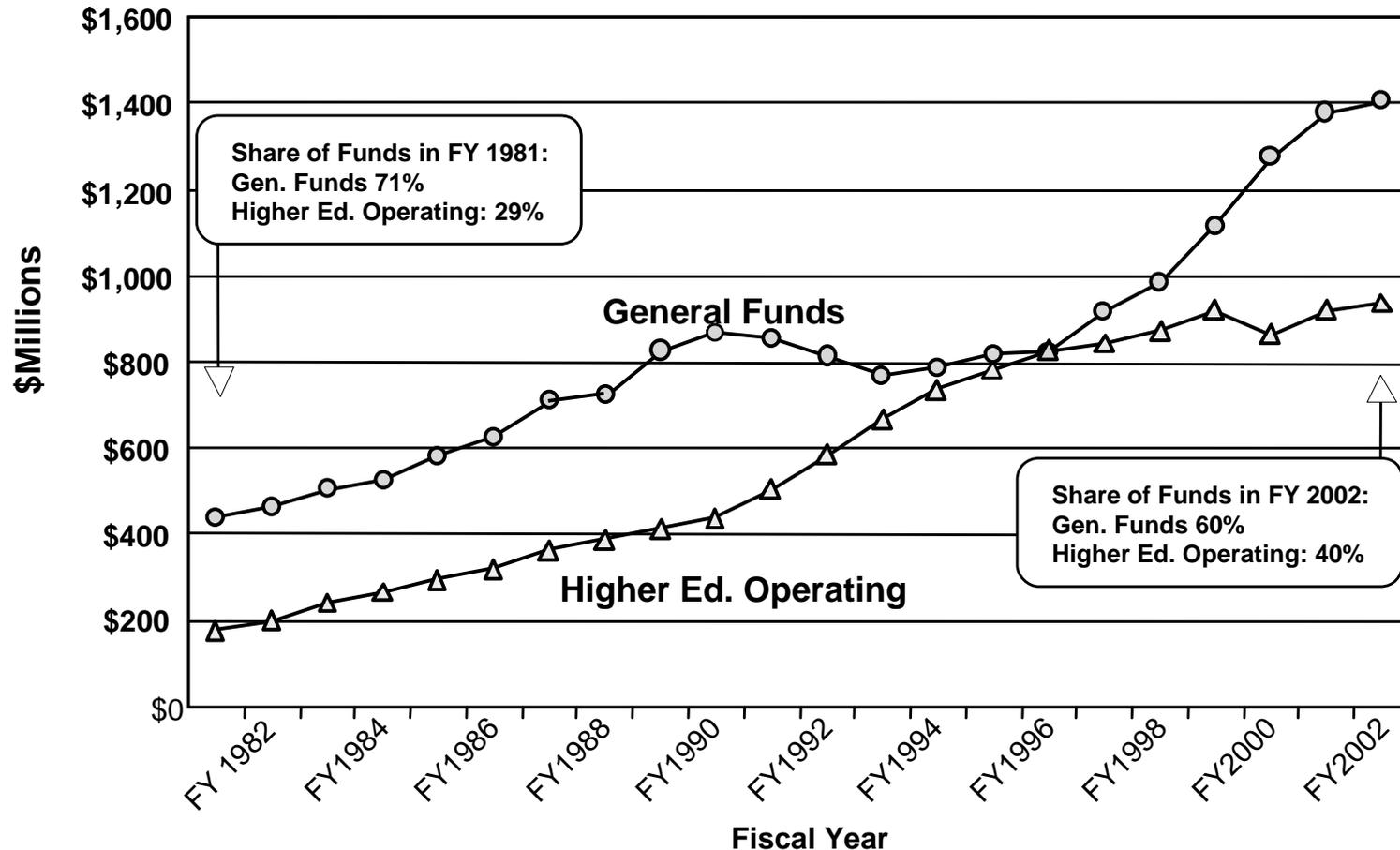


Enrollment Changes at Individual Institutions Varied Greatly

Total Student Full-Time Equivalent (FTE) Levels 1981 and 2002			
Institution	1980-1981	2001-2002	Percent Change
George Mason University	9,535	18,711	96%
James Madison University	9,072	15,235	68%
Christopher Newport University	2,653	4,428	67%
Mary Washington College	2,448	3,941	61%
Radford University	5,598	8,630	54%
University of Virginia at Wise	888	1,314	48%
Longwood University	2,985	3,904	31%
Virginia Commonwealth University	15,486	19,654	27%
Virginia Tech	22,624	28,062	24%
College of William and Mary	6,441	7,514	17%
Old Dominion University	12,841	14,669	14%
University of Virginia	19,665	21,697	10%
Virginia State University	4,287	4,169	-3%
Virginia Military Institute	1,593	1,525	-4%
Norfolk State University	7,176	5,334	-26%
Subtotal, 4-year Institutions	123,292	158,787	29%
Richard Bland	707	943	33%
Virginia Community College System	59,145	89,543	51%
Total Higher Education	183,144	249,273	36%

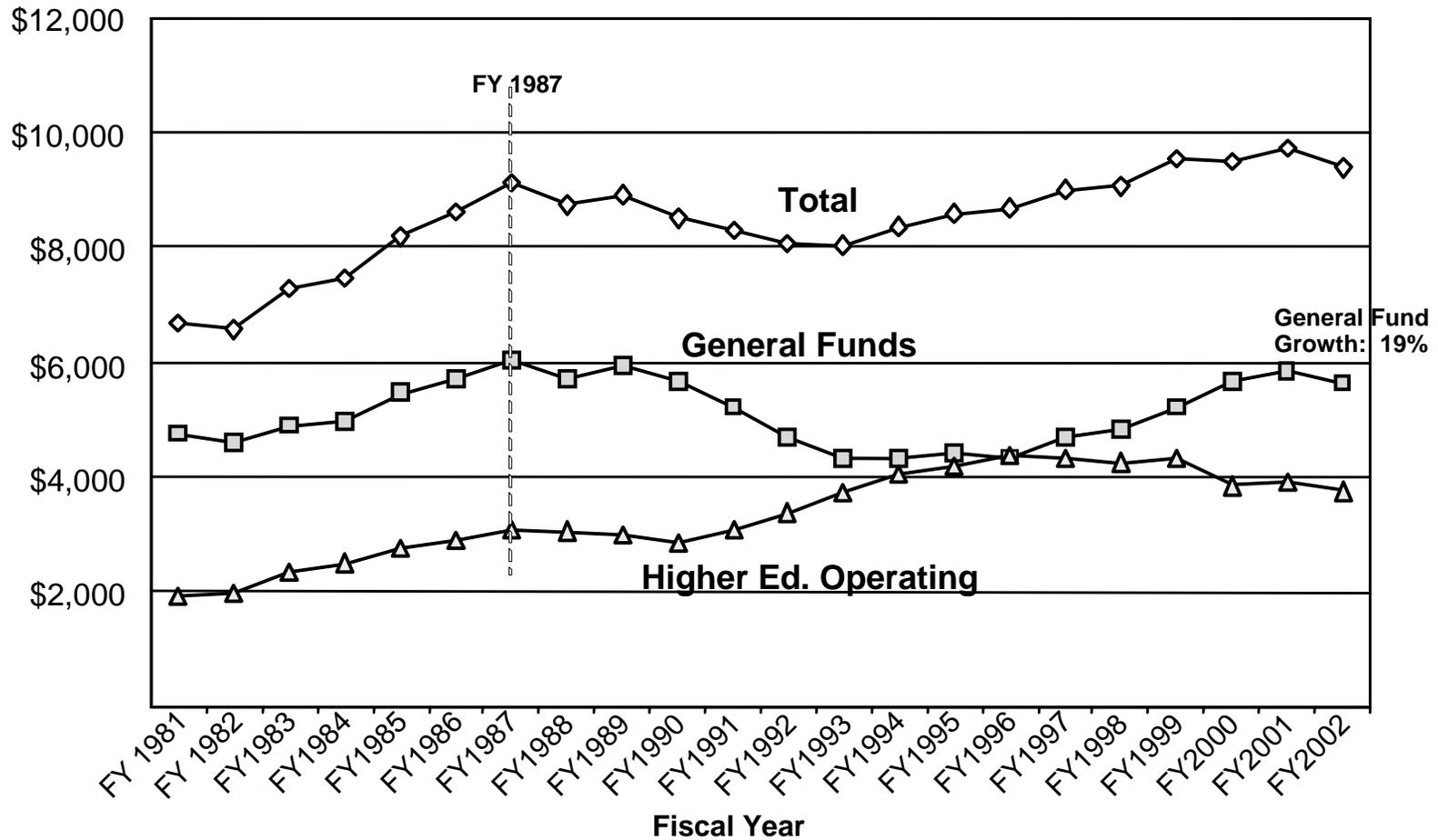
The State Share of the E&G Appropriation Has Varied

Education and General Appropriations by Source FY 1981 – FY 2002



Inflation-Adjusted State Support Per-Student Was Highest FY 1987 and FY 2001

Education and General Appropriation Per Student 2002 Dollars



Affordability of Higher Education in Virginia Improved Compared to Other States

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- **Governing Magazine recently reported that Virginia had the 2nd highest average percent change in state funds appropriated for higher education between 1996 and 2001.**
- **Virginia's ranking for resident undergraduate tuition and fees also improved over this time period:**
 - **Compared to other flagship institutions, the cost at Virginia's flagship institution (UVA) dropped from 8th most expensive in 1998 to 18th most expensive in 2002.**
 - **The costs at Virginia's comprehensive colleges and universities dropped from 6th most expensive in 1998 to 12th most expensive in 2002.**

Presentation Outline

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Spending Trends

- Assessment of Opportunities for Savings and Efficiency in the Areas Reviewed**
 - **Special Purpose Research Institutes and Public Service Centers**
 - **Off-Campus Sites**
 - **Nonproductive Degree Programs**

Higher Education Research Institutes and Public Service Centers

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■ Background

- Each year the State provides general funds to support between 50 and 60 institutes and centers at Virginia's higher education institutions.
- In FY 2002, the general fund cost to support these entities was nearly \$17 million. In the 2002-2004 biennium, general funds were reduced to approximately \$15 million annually.
- Although these institutes and centers may serve useful purposes, there are reasons why the General Assembly may wish to consider reducing general fund support for these entities, if not eliminating support entirely in some cases.

Higher Education Research Institutes and Public Service Centers

(continued)

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- **First, the General Assembly has indicated that general fund support for research institutes and public service centers should not be provided indefinitely.**
 - **This intention was initially documented in the 1986-1988 Appropriation Act, and the 2002-2004 Appropriation Act includes similar language reiterating this intention.**

It is the intent of the Governor and the General Assembly that direct general fund support of special purpose research and public service centers and projects in higher education not be continued indefinitely and that institutions of higher education secure nongeneral fund support of such activities. (Chapter 899, 2002-2004 Appropriation Act.)

Higher Education Research Institutes and Public Service Centers

(Continued)

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- **Second, general funds for research institutes and public service centers could be targeted to priority areas.**
 - **The State provides a relatively small portion, less than 10 percent, of total funding for sponsored research at Virginia's higher education institutions.**
 - **Higher education officials indicated that the Commonwealth could be more effective in advancing research activities in higher education if research efforts were better focused. This concern was noted in a recent State Council of Higher Education for Virginia (SCHEV) report.**
 - **One way to focus State research-related resources would be to better target dollars spent to support special purpose research institutes and public service centers.**

Higher Education Research Institutes and Public Service Centers

(Continued)

Institutes and Centers Receiving General Funds by Category, FY 2002	
Category	Number of Institutes or Centers
Writing*	9
Medicine	8
Public Policy & Government	7
Natural Science	5
Water Resources & Fisheries	5
Business Research & Development	4
Education Policy/Training	4
Agriculture	3
Continuing Education	2
Port Development & Management	2
Other	10
Total Research Institutes & Public Service Centers	59
*Funding for all 9 Virginia Writing Program Centers was discontinued in the 2002-2004 Appropriation Act.	

Research Institutes and Public Service Centers Recommendation

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- ***Recommendation.*** The General Assembly may wish to consider either focusing general funds on a few priority research institutes or public service centers, or reducing or eliminating support for the operation of these entities entirely.

Off-Campus Sites

■ Background

- Recently, there has been increased concern over a perceived proliferation of off-campus sites.
- An off-campus site is defined as “any location not contiguous to the approved main campus(es) of the institution.”
- Both the *Code of Virginia* and the Appropriation Act give SCHEV responsibility and authority for approving the establishment of off-campus sites, “unless the General Assembly has provided specific approval and appropriation identifying the additional off-campus activities.”

Off-Campus Sites

(Continued)

Number of Off-Campus Sites Maintained by Four-Year Institutions*	
Old Dominion University**	29
University of Virginia	14
Virginia Tech	9
Virginia Commonwealth University	8
College of William and Mary	6
George Mason University	3
Radford University	3
Norfolk State University	3
University of Virginia's College at Wise	1
Longwood University	1
Mary Washington College	1
<p>*Includes five sites classified by SCHEV as carrying out primarily research-related activities.</p> <p>**Includes ODU's Teletechnet distance learning sites located at the community colleges.</p>	

Off-Campus Sites

(Continued)

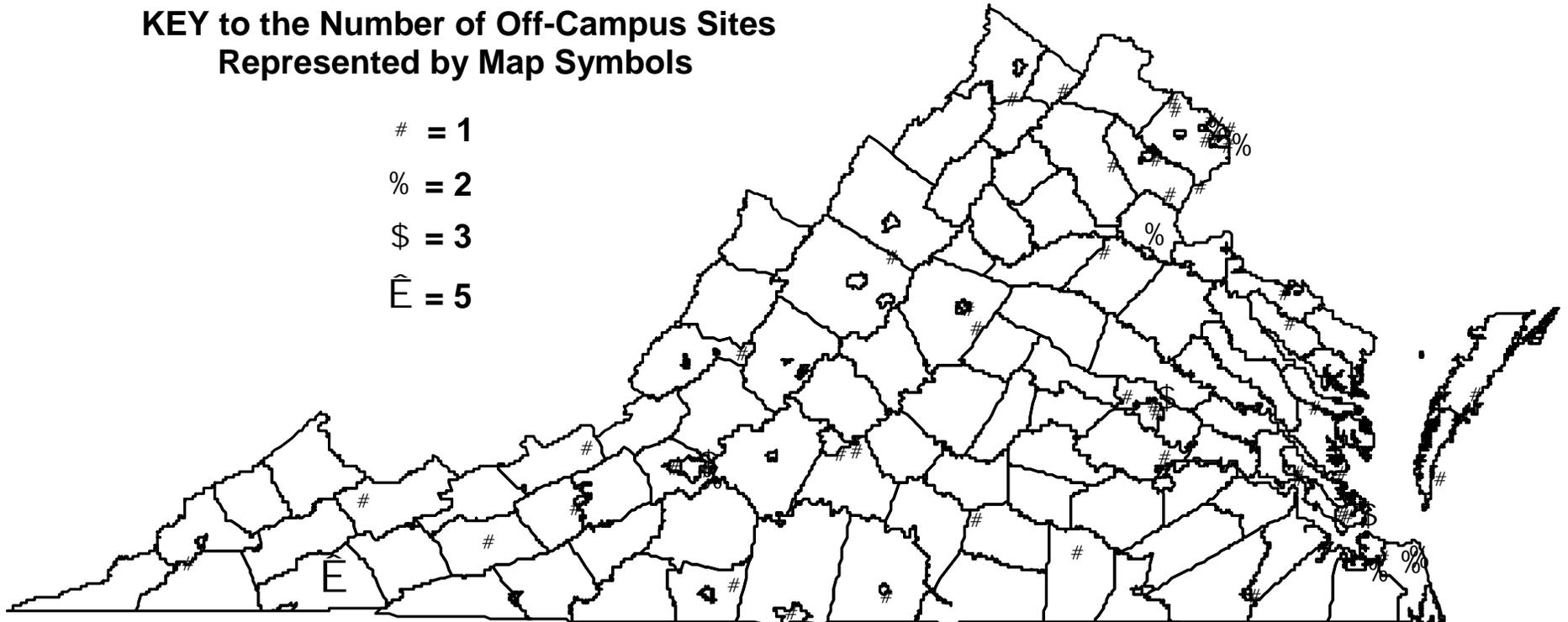
KEY to the Number of Off-Campus Sites Represented by Map Symbols

= 1

% = 2

\$ = 3

Ê = 5



Note: Five sites shown are classified by SCHEV as carrying out primarily research-related activities.

Off-Campus Sites

(Continued)

- **SCHEV is revising its process for approving new off-campus sites for several reasons:**
 - **To respond to clarification of SCHEV's authority in the 2002 Appropriation Act, and**
 - **Because evidence suggests that some institutions may have established off-campus sites without going through SCHEV's approval process**

- **However, SCHEV staff indicate the current review will not include an assessment of the existing off-campus sites.**

Off-Campus Sites Recommendation

- ***Recommendation.*** The General Assembly may wish to consider requesting that SCHEV review, inventory, and report on existing off-campus sites. The General Assembly may also wish to consider extending SCHEV's authority to close such sites if they do not meet SCHEV's policies and guidelines for off-campus sites.

Nonproductive Academic Degree Programs

■ Background

- SCHEV's statutory duties and responsibilities include the oversight of academic degree programs at Virginia's public higher education institutions.
- Prior to 1995, degree programs were evaluated based on three quantitative criteria – degrees conferred by the program, majors enrolled in the program, and service provided to other degree programs.
- Since 1995, there have been several revisions to the productivity review process, and SCHEV is currently revising the process again.

Nonproductive Academic Degree Programs

(Continued)

- **Since a 1995 JLARC review of SCHEV, there has been a higher rate of closure of nonproductive programs.**

- **However, the frequency with which SCHEV has undertaken its program productivity reviews over the past 15 years has varied.**
 - **SCHEV produced productivity review reports in 1987, 1989, 1993, 1994, and 1995. After 1995, another comprehensive review was not undertaken until 2001.**

 - **Evidence suggests that nonproductive degree programs may have been in operation between 1995 and 2001.**

Nonproductive Academic Degree Programs

(Continued)

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- **The 1995 JLARC review of SCHEV recommended that SCHEV review programs “on a consistent, periodic basis” because “a long-term, set schedule sends a clear signal ...that program review is a constant undertaking.”**
- **SCHEV’s recent revised draft program productivity review procedures appear to recognize the importance of conducting reviews on a regular schedule and call for SCHEV to review all approved degree programs at least once every five years.**

Nonproductive Academic Degree Programs

(Continued)

- **Institutions report limited savings from closing nonproductive degree programs.**
 - **Less than half of those surveyed attributed specific savings amounts to program closures or modifications.**
 - **Where savings amounts were reported, they ranged from \$20,000 to \$300,000.**
 - **One of primary reasons why savings are modest is that faculty typically do not serve just one program.**
 - **The benefit of discontinuing nonproductive programs may be one of cost avoidance.**

Nonproductive Academic Degree Program Recommendation

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- ***Recommendation.*** The State Council of Higher Education for Virginia should review the productivity of academic degree programs at higher education institutions on a consistent, periodic basis.